

AMENDED IN SENATE APRIL 26, 2012

AMENDED IN SENATE APRIL 9, 2012

**SENATE BILL**

**No. 1274**

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**Introduced by Senator Wolk**

February 23, 2012

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An act to amend Section 2401 of the Business and Professions Code, relating to healing arts.

LEGISLATIVE COUNSEL'S DIGEST

SB 1274, as amended, Wolk. Healing arts: hospitals: employment.

Existing law, the Medical Practice Act, restricts the employment of licensed physicians and surgeons and podiatrists by a corporation or other artificial legal entity, subject to specified exemptions.

This bill would authorize a hospital that is owned and operated by a licensed charitable organization, that offers only pediatric subspecialty care, that, prior to January 1, 2013, employed licensees on a salary basis, and that has not charged for professional services rendered to patients, to charge for services rendered to patients, provided certain conditions are met, including, but not limited to, that the hospital does not increase the number of salaried licensees by more than 5 each year, that the hospital accepts each patient regardless of his or her ability to pay, and that the medical staff concur by an affirmative vote that the ~~physician and surgeon's~~ *licensee's* employment meets a specified standard.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 2401 of the Business and Professions  
2     Code is amended to read:

3     2401. (a) Notwithstanding Section 2400, a clinic operated  
4     primarily for the purpose of medical education by a public or  
5     private nonprofit university medical school, which is approved by  
6     the ~~Division of Licensing~~ *board* or the Osteopathic Medical Board  
7     of California, may charge for professional services rendered to  
8     teaching patients by licensees who hold academic appointments  
9     on the faculty of the university, if the charges are approved by the  
10    physician and surgeon in whose name the charges are made.

11    (b) Notwithstanding Section 2400, a clinic operated under  
12    subdivision (p) of Section 1206 of the Health and Safety Code  
13    may employ licensees and charge for professional services rendered  
14    by those licensees. However, the clinic shall not interfere with,  
15    control, or otherwise direct the professional judgment of a  
16    physician and surgeon in a manner prohibited by Section 2400 or  
17    any other provision of law.

18    (c) Notwithstanding Section 2400, a narcotic treatment program  
19    operated under Section 11876 of the Health and Safety Code and  
20    regulated by the State Department of Alcohol and Drug Programs,  
21    may employ licensees and charge for professional services rendered  
22    by those licensees. However, the narcotic treatment program shall  
23    not interfere with, control, or otherwise direct the professional  
24    judgment of a physician and surgeon in a manner prohibited by  
25    Section 2400 or any other provision of law.

26    (d) Notwithstanding Section 2400, a hospital owned and  
27    operated by a health care district pursuant to Division 23  
28    (commencing with Section 32000) of the Health and Safety Code  
29    may employ a licensee pursuant to Section 2401.1, and may charge  
30    for professional services rendered by the licensee, if the physician  
31    and surgeon in whose name the charges are made approves the  
32    charges. However, the hospital shall not interfere with, control, or  
33    otherwise direct the physician and surgeon's professional judgment  
34    in a manner prohibited by Section 2400 or any other provision of  
35    law.

36    (e) Notwithstanding Section 2400, a hospital that is owned and  
37    operated by a licensed charitable organization, that offers only  
38    pediatric subspecialty care, that, prior to January 1, 2013, employed

licensees on a salary basis, and that has not charged for professional services rendered to patients may, commencing January 1, 2013, charge for *professional* services rendered to patients, provided the following conditions are met:

(1) The hospital does not increase the number of salaried licensees by more than five ~~physicians and surgeons or podiatrists~~ *licensees* each year.

(2) The hospital does not expand its scope of services beyond pediatric subspecialty care.

(3) The hospital accepts each patient needing its scope of services regardless of his or her ability to pay, including whether the patient has any form of health ~~insurance~~ *care coverage*.

(4) The medical staff concur by an affirmative vote that the ~~physician and surgeon's license's~~ employment is in the best interest of the communities served by the hospital.

(5) The hospital does not interfere with, control, or otherwise direct ~~the~~ a physician and surgeon's professional judgment in a manner prohibited by Section 2400 or any other provision of law.